

## ADDRESSING THE NATIONAL DEBT

During Mike's twenty-two years in the Maine Legislature, he worked with his colleagues on a bipartisan basis to write balanced budgets. In Congress, he is member of the Blue Dog Coalition, which is comprised of fiscally responsible members of Congress who advocate for reducing taxes and spending, and balancing the budget.

Mike helped enact common sense budget reforms like "Pay-As-You-Go" (PAYGO) budget rules. PAYGO requires that all new spending and tax cut proposals show how they will be paid for without increasing the deficit. He has also cosponsored a balanced budget amendment to the U.S. Constitution. The constitutional amendment would prohibit expenditures for a fiscal year (except those meant to repay debt) from surpassing total receipts for that fiscal year. Additionally, this resolution would require that the President submit a balanced budget to Congress each year.

Mike is currently working to make PAYGO budget rules the law of the land, rather than rules that the House and Senate can bypass. A PAYGO law helped create federal budget surpluses in the 1990s. Unfortunately the PAYGO law was later repealed. Over the years, Mike has been disappointed that the leadership of both parties has not strictly enforced PAYGO rules. Passing the PAYGO rules into law would force Congress and the President to budget responsibly.

Mike is also working with Republicans and his fellow Blue Dogs to pass a bill that would establish a commission that would be responsible for making recommendations on reforming spending and reducing deficits. It has become evident that members of both political parties have not been able to muster the political courage to effectively rein in deficits and get our nation's fiscal house in order. Years of record deficits and the worst financial crisis since the Great Depression have put our nation's fiscal health in danger. This commission would remove politics from the equation and force an up or down vote on reforms that would restore fiscal sanity to Washington.

Every American balances their checkbook, and Mike strongly believes that the federal government needs to do the same.

- Michaud Introduces Blueprint for Fiscal Reform (1/26/09)
- Michaud Pushes for Action on National Debt (11/18/09)
- House Passes Bill to Strengthen Fiscal Discipline (7/22/09)
- Michaud Raises Concerns about Details of President's PAYGO Proposal (6/10/09)

Below is a column that Mike recently wrote on the need to address the national debt.

The National Debt: It Affects Mainers and Must be Addressed

January 29, 2010

By Representative Mike Michaud

stick our heads in the sand and pretend that deficits don't matter. Maine families will be affected if we do not act.

More government borrowing could lead to higher interest rates, which would make it more expensive for families to purchase a home, finance an education or start a business. Interest payments that our government must pay on our debt each year comprise a larger share of the budget, which could lead to cuts in essential needs.

But our debt problem isn't limited to domestic concerns — our national security is also at risk. A large national debt increases our reliance on foreign creditors, leaving us vulnerable and more dependent on other countries. Foreign holdings account for over 50 percent of all U.S. debt, with China and Japan holding \$800 billion each.

Most recently, President Obama called for fiscal discipline in his State of the Union speech. I support the President's willingness to tackle our unsustainable debt and his efforts to hold big banks responsible for the mess they created. But too often, under both Democratic and Republican presidents, fiscal responsibility has become little more than a catch phrase.

Over the years, I have been extremely frustrated with Washington's inability to cut wasteful spending and pass meaningful budget reforms. Inaction literally passes the buck and leaves future generations with the burden of paying for today's borrowing. And most importantly, it affects our country's ability to create jobs and promote long-term economic stability.

That's why I joined with my fellow colleagues in the fiscally conservative Blue Dog Coalition to introduce a "Blueprint for Fiscal Reform," which is a plan that will balance the budget within 10 years and lay the groundwork for sound fiscal policies over the long term.

The first step we can take to ensure that government does not spend beyond its means is to restore the proven, bipartisan pay-as-you-go rules that effectively brought about budget surpluses in the 1990's. This policy, which recently passed both the House and Senate, is now on its way to becoming the law of the land.

We also need to put the lid on federal spending. Just like Maine families who make tough decisions every day, Congress must learn to live within its means.

And just as Congress should work with the Administration to identify and cut programs that don't work, we must also eliminate waste, fraud and abuse. Research shows that for every \$1.00 we put into "program integrity accounts" that identify and eliminate waste, fraud and abuse in government spending, we get \$1.50 back. The authorization levels for these programs should be increased.

And we must be honest about our long term fiscal obligations. All too often, political pressures lead to dishonest budgets. One way to help fix this problem is to require that the federal government produce an honest assessment of its fiscal obligations not just five or ten years out, but longer term over the course of 75 years.

These are just a few of the ideas that my fellow Blue Dogs and I are pushing Congress to consider. To read more about the details of the plan, I encourage you to visit my website.

At the end of the day, we cannot have a true economic recovery unless we encourage job creation and get serious about addressing our nation's debt. If we do not pay for our priorities, we are merely passing the bill — with interest — to our children and grandchildren.

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